

**OIL AND GAS DOCKET NO. 05-0253945**

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**THE APPLICATION OF F. H. WALSH JR. OPERATING CO. INC. FOR BLANKET RULE 10 EXCEPTION IN VARIOUS NEWARK, EAST FIELDS, TARRANT, DENTON, WISE AND JOHNSON COUNTIES, TEXAS**

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**Heard by:** Donna K. Chandler, Technical Examiner

**Hearing Date:** November 15, 2007

**Appearances:**

Dale Miller

**Representing:**

F. H. Walsh Jr. Operating Co. Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

F. H. Walsh Jr. Operating Co., Inc. requests exception to Statewide Rule 10 for all wells in any of the following fields.

Newark, East (Atoka 1) Field  
Newark, East (Atoka 2) Field  
Newark, East (Atoka 2A) Field  
Newark, East (Atoka 2B) Field  
Newark, East (Atoka 4) Field  
Newark, East (Atoka 5) Field  
Newark, East (Bend Conglomerate) Field  
Newark, East (Caddo Lime) Field  
Newark, East (Strawn B1) Field  
Newark, East (Strawn J1) Field

Walsh requests that the field assignment for each individual wellbore be determined based on whether or not any prorated fields are involved in the commingling. If prorated fields are involved, then the well should be assigned to a prorated field. If only AOF fields are involved, then the well may be assigned to any field, as requested by the operator.

This application was unopposed and the examiner recommends approval of the requested Rule 10 authority.

### **DISCUSSION OF THE EVIDENCE**

The subject ten fields are all non-associated gas fields which operate under rules providing for 330'-660' well spacing and 40 acre density. At least 13 Rule 10 exceptions have already been granted for various combinations of the 10 subject fields, except for the Newark, East (Bend Conglomerate) Field. Most of the approved exceptions are for 3-4 fields.

The fields were discovered between 2002-2004. The shallowest field is the Strawn J1 at approximately 3,000 feet. Beneath the Strawn J1 is the Strawn B1, the Caddo, the Atoka series, and the Bend Conglomerate. The base of the Bend Conglomerate occurs at approximately 6,400 feet. A total of 21 wells are carried on the proration schedule as producing wells, most with deliverabilities of less than 100 MCFD.

All of the reservoirs produce water free and dry gas with similar gas gravities. Should cross-flow occur between the zones, there will be no reservoir damage.

Incremental reserves will be produced as a result of commingling. This incremental production is a result of a lower combined economic limit of these marginal zones.

It is requested that wells which are downhole commingled in the subject fields be assigned to a prorated field, if any of the commingled fields in a particular well is prorated. Otherwise, the well may be assigned to any field of the operator's choice.

### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the Newark, East (Atoka 1), Newark, East (Atoka 2), Newark, East (Atoka 2A), Newark, East (Atoka 2B), Newark, East (Atoka 4), Newark, East (Atoka 5), Newark, East (Bend Conglomerate), Newark, East (Caddo Lime), and Newark, East (Strawn B1) Fields.
2. The Newark, East (Atoka 1), Newark, East (Atoka 2), Newark, East (Atoka 2A), Newark, East (Atoka 2B), Newark, East (Atoka 4), Newark, East (Atoka 5), Newark, East (Bend Conglomerate), Newark, East (Caddo Lime), and Newark, East (Strawn B1) Fields are all non-associated gas fields which operate under the same rules which provide for 330'-660' well spacing and 40 acre density.

3. At least 13 Rule 10 exceptions have already been granted for various combinations of the 10 subject fields, except for the Newark, East (Bend Conglomerate) Field. Most of the approved exceptions are for 3-4 fields.
4. The shallowest field is the Strawn J1 at approximately 3,000 feet. The base of the Bend Conglomerate occurs at approximately 6,400 feet.
5. Cross-flow between the fields is not expected. All production from the fields is dry gas and if cross-flow occurs, there will be no reservoir damage.
6. Downhole commingling production from these fields will result in the recovery of incremental reserves from the various marginal zones. Most deliverabilities of wells are less than 100 MCFD.

#### **CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested Rule 10 exceptions for all wells in the Newark, East (Atoka 1), Newark, East (Atoka 2), Newark, East (Atoka 2A), Newark, East (Atoka 2B), Newark, East (Atoka 4), Newark, East (Atoka 5), Newark, East (Bend Conglomerate), Newark, East (Caddo Lime), and Newark, East (Strawn B1) Fields will prevent waste and will not harm correlative rights.

#### **EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends approval of the requested Rule 10 exceptions for all wells in the subject fields, as specified in the attached order.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner